

Ag & Vet Weekly



Monday June 28 – Friday July 2, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: AP HEMP UP 17%; FOOD REVOLUTION DOWN 3.45%**
- * **FONTERRA SELLS CHINA FARMS FOR \$153m**
- * **APIAM PAYS \$16m FOR SCENIC RIM VETS**
- * **PHARMAUST: 1 OF 15 DOGS MPL TUMOR REGRESSION; 6 'STABLE'**
- * **MICRO-X LAUNCHES VETERINARY ROVER MOBILE DR**
- * **AUSCANN MARIJUANA FOR TASMANIA DEPARTMENT OF HEALTH**
- * **CRESO: 'H1 MARIJUANA REVENUE UP 113% TO \$3.1m'**
- * **OCEAN GROWN: 'RECORD' \$3.1m ABALONE HARVEST, SALES**
- * **WELLNEX COMPLETES BRAND SOLUTION, PHARMA ACQUISITION**
- * **MEMPHASYS COMPLETES VERIFICATION, VALIDATION TO GO**
- * **ELIXINOL TERMINATES CANNACARE ACQUISITION**
- * **VANGUARD BELOW 5% IN BEGA**
- * **VANGUARD BELOW 5% IN COSTA**
- * **BONAFIDE WEALTH TAKES 17% OF CLEAN SEAS**
- * **REGAL FUNDS TAKES 7% OF CLEAN SEAS**
- * **ECOFIBRE APPOINTS VANESSA WALLACE DIRECTOR**
- * **HANG LING LEUNG REPLACES REGENEUS CO SEC SANDRA MCINTOSH**
- * **A2 MILK APPOINTS EDITH BAILEY CMO**

MARKET REPORT

The Australian stock market was up 0.59 percent on Friday July 2, 2021, with the ASX200 up 43.0 points to 7,308.6 points. Twenty-seven of the AVW-42 stocks were up, 10 fell, four traded unchanged and one was untraded.

AP Hemp was best, up 5.5 cents or 16.9 percent to 38 cents, with 127,096 shares traded. Ocean Grown rose 15.4 percent; Ecofibre improved 11.6 percent; Cann Group and Cann Global climbed 10 percent or more; Clean Seas and Roots rose more than nine percent; Elixinol was up 8.3 percent; Terragen rose 7.1 percent; A2, Althea and MGC were up more than five percent; Next Science and Tasfoods improved more than four percent; Anatara and Epsilon rose more than three percent; Fonterra, Palla, Pharmaust, Regeneus and Wide Open climbed more than two percent; Bubs, Memphasys, Nanollose and Tassal were up more than one percent; with Clover and Nufarm up less than one percent.

Food Revolution led the falls, down 0.1 cents or 3.45 percent to 2.8 cents, with 1.6 million shares traded. Seafarms lost 3.2 percent; Bega, Huon and Synlait shed more than two percent; Murray Cod was down 1.3 percent; with Costa, Elders, Ridley and Select Harvests down by less than one percent.

FONTERRA SHAREHOLDERS' FUND

Fonterra says it has sold its joint venture farms in China's Shandong Province for \$US115.5 million (\$A152.8 million) to Singapore's Austasia Investment Holdings.

Fonterra said it owned 51 percent of the farms with an unnamed joint venture partner and would receive NZD88 million (\$A81.8 million) in total proceeds, the sale required no additional approvals and was expected to be completed on June 30, 2021.

Fonterra chief executive officer Miles Hurrell said the sale was "another important milestone for the co-operative and aligns to its strategy of prioritizing New Zealand milk".

"The sale ... allows us to focus even more on our farmer-owners' milk and follows the sale of our two wholly-owned China farming hubs earlier this year," Mr Hurrell said.

Mr Hurrell said that China continued to be one of the company's "most important strategic markets ... [and] we are well placed to continue to grow our business in Greater China".

Fonterra was up nine cents or 2.5 percent to \$3.72.

APIAM ANIMAL HEALTH

Apiam says it has acquired the Beaudesert, Queensland-based horse clinic Scenic Rim Veterinary Service and mixed animal clinic Boonah Veterinary Hospital for \$16 million.

Apiam said the acquisition would be funded through a cash payment of \$14.4 million and the issue of 1.72 million Apiam shares to the vendors, subject to a minimum 12-month escrow, with 50 percent in escrow for 24 months.

The company said the Scenic Rim Vets was founded in 2003 and had a team of 13 veterinarians with a support team providing reproduction and surgical services for performance horses, general veterinary services and animal diagnostics.

Apiam said the acquisition would add \$6.9 million in revenue to the company on a year to June 30, 2021 proforma basis and was expected it to be completed by July 30, 2021.

Apiam managing director Dr Chris Richards said that Scenic Rim Vets would be "the third equine [business] operated by Apiam and the acquisition is consistent with our strategy of operating best in class veterinary services through large high-performance centres being supported with smaller regional referral clinics in adjacent growth areas".

Apiam was unchanged at 95.5 cents.

PHARMAUST

Pharmaust claims its 15-dog monepantel cancer trial achieved the two interim endpoints of objective tumor regression and increased progression-free survival.

Pharmaust said the one of the dogs had tumor regression with some tumors resolving completely and six of the first 15 pet dogs showed objective stable disease or better during the 28-day trial period which was “a compelling outcome”.

The company said that previously published mean and median times for untreated dogs showed that eight of the 15 dogs would have been put down by day-30 due to the “aggressively progressive disease and poor quality of life”.

Pharmaust said that three dogs were withdrawn from the trial, two with advanced and extensively disseminated disease, and one with advanced and less extensively disseminated disease, with 12 completing the 28-day trial.

The company said that from available reports, six dogs continued with monepantel alone or in combination with prednisolone.

Pharmaust chief scientific officer Dr Richard Mollard said that “in addition to the standard measurements of target superficial lymph nodes that are characteristic of many such trials, we incorporated comprehensive thoracic x-ray and abdominal ultrasound analyses into the trial design”.

“This means that designation of stable disease in this trial really means comprehensive stable disease, not superficially stable disease as per many other trials where progression might be hidden somewhere else in the body,” Dr Mollard said.

Pharmaust said it would seek partners to codevelop and commercialize monepantel for veterinary cancers.

Pharmaust was up 0.2 cents or 2.15 percent to 9.5 cents.

MICRO-X

Micro-X says it has launched a veterinary version of its Rover Mobile DR x-ray for use in small-animal hospitals and has appointed Medical Plus as its distributor.

Micro-X said its first sale was to Adelaide’s Gawler Animal Hospital.

The company said the Rover x-ray cart had been modified with a new user interface and its imaging software was sourced from its partnership with Salt Lake City, Utah-based Varex Imaging.

Micro-X said it has appointed Melbourne veterinary sales and distribution company Medical Plus as a non-exclusive distributor for a three-year term.

Micro-X was unchanged at 33.5 cents.

AUSCANN GROUP HOLDINGS

Auscann says it will supply its 2.5mg and 10mg Neuvis equal tetrahydrocannabinol (THC) and cannabidiol (CBD) capsules to the Tasmanian Department of Health.

Auscann said that subject to receipt of official purchase orders, the products could be supplied to hospitals within the Tasmania Health Service, Ambulance Tasmania, and other Tasmanian Government health centres, hospitals or organizations with contracted pharmacy arrangements.

Auscann was unchanged at 11 cents with 1.1 million shares traded.

CRESO PHARMA

Creso says its revenue from marijuana products for the six months to June 30, 2021 was up 113.3 percent to \$3,100,933 compared to the previous corresponding period.

Creso said that for the three months to June 30, 2021 revenue from the sale of animal and veterinary marijuana products was up 23.9 percent to \$1,715,933 compared to the three months to March 31, 2021.

Creso was unchanged at 13.5 cents with 27.25 million shares traded.

OCEAN GROWN ABALONE

Ocean Grown says it has a record annual abalone harvest of 75.9 tonnes, up 38.8 percent from the previous year with unaudited revenue up 24 percent to \$3.1 million.

Ocean Grown said that the increased demand in sales volume for the 12 months to June 30, 2021 was due to its revised sales and marketing strategy which opened new markets in Taiwan and the UK, while maintaining the sales volume through Hong Kong, Singapore, Sydney and Melbourne.

Ocean Grown was up 1.2 cents or 15.4 percent to nine cents.

WELLNEX LIFE (FORMERLY WATTLE HEALTH AUSTRALIA)

Wellnex says it has completed the acquisition of Brand Solution Australia and Pharma Solutions Australia and will begin trading on the ASX under the code WNX next week.

In April, the then Wattle Health said it would pay \$4.75 million in cash and shares to acquire the assets of Brand Solutions Australia and proposed to change its name to Wellnex Life (AVW: Apr 16, 2021).

Today, the company said the ASX had provided conditional approval for the reinstatement of its securities for trading on the ASX.

Wellnex last traded at 53 cents.

MEMPHASYS

Memphasys says its upgraded Felix sperm separation device has passed the verification process with several validation tasks outstanding.

Memphasys said that it expected to complete the validation by September 30, 2021.

Memphasys was up 0.1 cents or 1.5 percent to 6.9 cents.

ELIXINOL WELLNESS (FORMERLY ELIXINOL GLOBAL)

Elixinol says it is terminating the agreement to buy Cannacare Health GmbH as it is "not in the best interests of ... shareholders at this time".

In March, Elixinol said it would pay EUR9.0 million (\$A13.9 million) up front, and up-to EUR24 million (\$A37.0 million) for the Düsseldorf, Germany-based Cannacare Health GmbH (BD: Mar 15, 2021).

The company said at that time that it would pay EUR3.0 million in cash and EUR6.0 million in shares and on attainment of revenues of EUR12.9 million in the 2021 financial year, the maximum earn-out of EUR15.0 million would be payable in shares taking the total potential consideration to EUR24.0 million.

Today, Elixinol said completion was proposed to occur on July 5, but further due diligence revealed a changed German market outlook with rapidly intensifying competition.

Elixinol was up one cent or 8.3 percent to 13 cents with 1.2 million shares traded.

BEGA CHEESE

The Malvern, Pennsylvania-based Vanguard Group says it has ceased its substantial shareholding in Bega, but continued to hold 4.984 percent of the company.

Vanguard said between October 25, 2019 and June 24, 2021 it bought, sold and transferred shares, at prices ranging from \$3.57 a share to \$6.51 a share, but ceased to be substantial having ceased to be the investment manager for an unnamed institutional client.

Bega fell 12 cents or 2.1 percent to \$5.61 with 1.3 million shares traded.

COSTA GROUP HOLDINGS

The Malvern, Pennsylvania-based Vanguard Group says it has ceased its substantial shareholding in Costa with 567,185 shares.

Vanguard said there was no sale activity associated with the change, having ceased to be the investment manager for an unnamed institutional client.

Costa fell one cent or 0.3 percent to \$3.27 with 1.7 million shares traded.

CLEAN SEAS SEAFOOD

Bonafide Wealth Management says it has increased its substantial shareholding in Clean Seas from 19,963,519 shares (15.50%) to 27,665,274 shares (17.44%).

The Liechtenstein-based Bonafide Wealth said it bought 7,701,755 shares for \$4,390,000 or 57 cents a share in a placement.

In May, Clean Seas said it had raised \$25 million at 57 cents a share, a 10.9 percent discount to the closing price on April 30, 2021 (AVW: May 7, 2021).

Clean Seas was up five cents or 9.6 percent to 57 cents.

CLEAN SEAS SEAFOOD

Regal Funds Management says it has become a substantial shareholder in Clean Seas with 10,569,768 shares or 6.66 percent of the company.

The Sydney-based Regal Funds said between May 14 and June 29, 2021 it bought 11,063,848 shares for \$6,306,393 or 57 cents a share.

Regal Funds did not explain the discrepancy between the number of shares as required under the Corporations Act 2001.

ECOFIBRE

Ecofibre says it has appointed Vanessa Wallace as a director and deputy chair, effective from July 1, 2021.

Ecofibre said Ms Wallace had about 30 years of experience as a strategy management consultant with a focus on financial services, health and consumer product industries.

The company said Ms Wallace previously co-led Booz & Co in Japan, was an early-stage investor in the health sector and was the founding chair of Drop Bio.

According to her LinkedIn page, Ms Wallace holds a Bachelor of Commerce from Sydney's University of New South Wales and Master of Business Administration from Lausanne, Switzerland-based Institute for Management Development Business School.

Ecofibre was up 8.5 cents or 11.6 percent to 82 cents.

REGENEUS

Regeneus says it has appointed Hang Ling Leung as company secretary, effective from July 1, 2021, following Sandra McIntosh's resignation on June 30, 2021.

Regeneus said Ms McIntosh had been with the company since 2009 and thanked her for the "tremendous contribution" she made to the company both as company secretary and head of corporate operations.

Regeneus was up 0.2 cents or 2.7 percent to 7.6 cents.

THE A2 MILK COMPANY

A2 Milk says it has appointed Edith Bailey as its chief marketing officer, effective "later in 2021 with her start date yet to be confirmed".

A2 Milk said Ms Bailey would be responsible for managing the strategic and creative direction of the brand, developing integrated marketing programs, leading consumer insights and product innovation.

The company said Ms Bailey had significant experience in infant nutrition and was most recently a Danone Nutricia marketing director., previously working for Pepsico, Campbell Arnotts and SC Johnson & Son.

A2 Milk was up 32 cents or 5.2 percent to \$6.52 with 14.5 million shares traded.